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the strong, or to enforce peace upon the quarrelsome, but rather in the negative policy of latter-day statesmen of the Lodge-Borah type. The reviewer, at all events, after a careful reading of these letters, can find nothing to show that Cobden believed that some form of international organization was desirable, or that some function of intervention and co-operation on the part of the leading states for the protection of their weaker sisters from exploitation should be recognized in the interest of all. All of Cobden's thinking, in fact, was leading him in just the opposite direction. Intervention in any guise he feared. Above all, the attempt to justify it upon moral or altruistic grounds he hated as the last trick of the devil in leading well-meaning people astray, in giving self-seeking governments their clue.

Whatever the reader may think of the title, however, the vital interest of these letters is unquestioned. They constitute a running commentary, made by an unusually shrewd and wise observer, and soundly patriotic as well, upon the men and methods of English public life of the mid-Victorian era. The author has purposely avoided giving much space to the era of the Corn Law Agitation, for Cobden's correspondence during this redoubtable struggle has already been well sifted out by others. An entire chapter, however, is given to the correspondence with Sumner during the period of the American Civil War. Although several of the more significant of these letters have already been published in the *American Historical Review*, the entire collection has never before been printed.

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*The Arbitral Determination of Railway Wages.* By J. NOBLE STOCKETT, JR. Houghton Mifflin Co., 1918. Pp. 193. \$1.50 net.

Political economists have for a long time wanted to apply the so-called principles or economic laws of wages to the adjustment of industrial-wage disputes. At the same time industrial arbitrators have complained that political economy has produced no such law or principle which they could use. From an analysis of the briefs and decisions of public arbitral boards concerned with the adjustment of railway disputes in the United States and Canada, Mr. Stockett has attempted to derive and to weigh the various wage principles. The task which the author has set himself is manifestly one of considerable difficulty, but he has performed it as well as the inherent complexities of the problem permit.

His exposition is a rare example, in this kind of writing, of clearness and good order.

Arbitral wage awards have, Mr. Stockett finds, been in the main unsatisfactory because they rest upon compromise. A compromise award leaves a residue of dissatisfaction to both parties, since, by its very nature, it does not accept wholly the contention of either. Nor does it make new proposals whose merits may be discussed and perhaps accepted. Nevertheless, an analysis of the record of the proceedings of railway arbitration boards brings to light a few wage principles which directly or indirectly influenced the final wage awards. These principles are expressed in the terms "standardization," "subsistence," "standard of living," "cost of living," and "productive efficiency."

Regarded as a description of the nature and weakness of the process of wage arbitration, the study has a distinct value. Its positive contribution to the solution of the problems involved in wage disputes is, however, doubtful. Whatever weakness in analysis and in application is here found is not peculiar to Mr. Stockett's study but is frequently met in the attempt to apply economic "laws" to specific social issues. In such issues moral as well as scientific "principles" are involved and the two are regularly confused. When, for instance, wages are adjusted in accordance with the standard-of-living principle, they are so determined, not because that principle has exclusive scientific validity, but because it has acquired, in the light of current conceptions of justice and progress, a high degree of ethical sanction. The principle of specific productivity, on the other hand, even if there were such a thing and it were measurable, might easily fail completely as the basis of wage awards if its effect were to depress the standard of living. In the case of the principle of the cost of living, the situation is even more complicated by reason of its employment on some occasions as a moral, and on others as a scientific, principle. In its scientific form it is the basis of the sliding scale of wages. This system assumes a functional relation between wages and prices. Wages would rise, accordingly, when prices or the cost of living rose, and wages would fall when prices or the cost of living fell. Elsewhere, however, and just as frequently the cost-of-living principle means something quite different. It is there used as a means of determining a new level to which existing wages should be permitted to rise. Once that level is reached, no change will be countenanced until the opportunity or the occasion for a further increase is at hand. In the first instance the cost of living is used as a

scientific principle; in the second, it is used as a moral rule. Scientifically, wages may be depressed by its application, but where there is strong moral objection against depressing wages some other scientific principle has to be invoked.

In view of these observations, it is hard to see how these "principles" do as such actually meet the needs of arbitral boards. They want in reality some simple, mathematical formula which can be applied to any particular dispute and which would act as an automatic wage adjuster. The utility of such an instrument is not to be denied. And it is conceivable that one of the fruits of a long and concentrated speculation on the nature and magnitude of the economic forces that operate in the market will be a formula containing only one unknown quantity. Whether it will ease the burdens of the arbitrators is another question, for there are many points at which the implications of the formula and the simple dictates of justice will clash.

The danger in a search for wage principles of the kind with which this monograph and others have been concerned is that it elevates what principles there are to positions of dignity and authority which their intrinsic merit does not warrant. It is indeed a healthy optimism which leads to the conclusion that a wage settlement expressly based on economic laws of wages will be received with greater favor by the disputing parties than a compromise award. The task of industrial arbitration is not facilitated by the discovery of formulas which are labeled principles and which are then applied. No formula can function as a "principle" except by common consent, and common consent is itself the resultant of compromise. This consent must be won by proof. Economic laws of wages as we know them are not proved. Indeed, they are not only not supported by sound evidence, but they rest upon postulates regarding the conduct and state of industry which may or may not be true, but which, at any rate, are frequently and freely challenged.

It is not at all clear, finally, that the lack of definite laws of wages hinders prompt and satisfactory adjustment of wage disputes. It is rather ignorance of the basic facts concerning the levels and movements of wages and profits that constitutes one of the great gaps in our arbitration machinery. And of even greater significance is the necessity of admitting into the evidence in future wage quarrels statements of the influence on wages of the organization and conduct of specific industries. In the contemporary settlement of wage disputes in coal-mining and rail-transportation industries emphasis is placed, not only upon comparative

wage rates and upon the relation between the changes in wage rates and in the cost of living, but also upon the effect of industrial organization upon wages. For after all, when wages have been adjusted again and again, the final adjustments will depend on industry's ability to pay, and to pay under certain conditions. It is precisely in the knowledge of what industry can afford to pay, however, that applied economics is most barren and economic theory most futile.

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